



Increasing dairy farm profitability in a changing world of herd demographics.

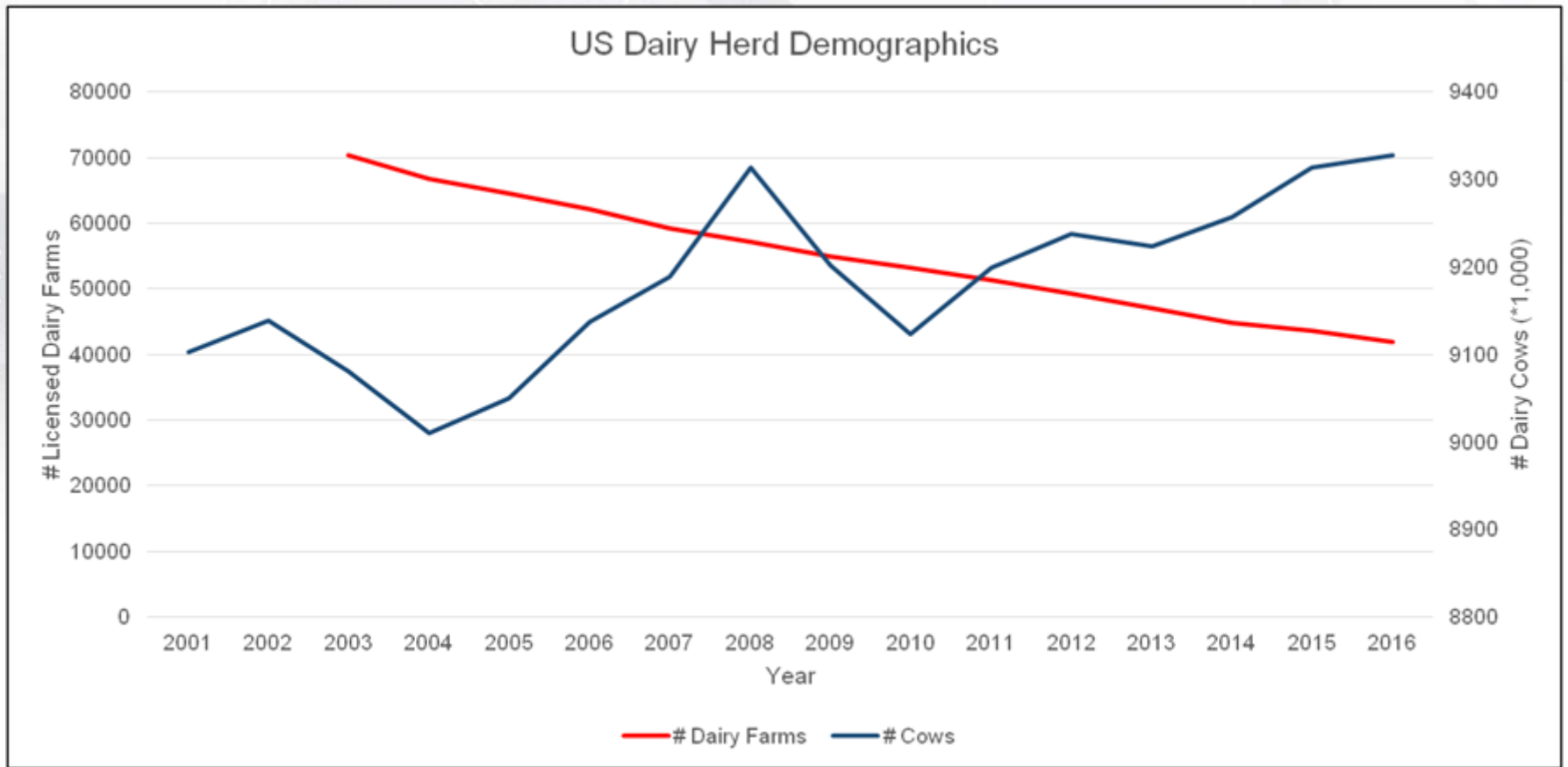
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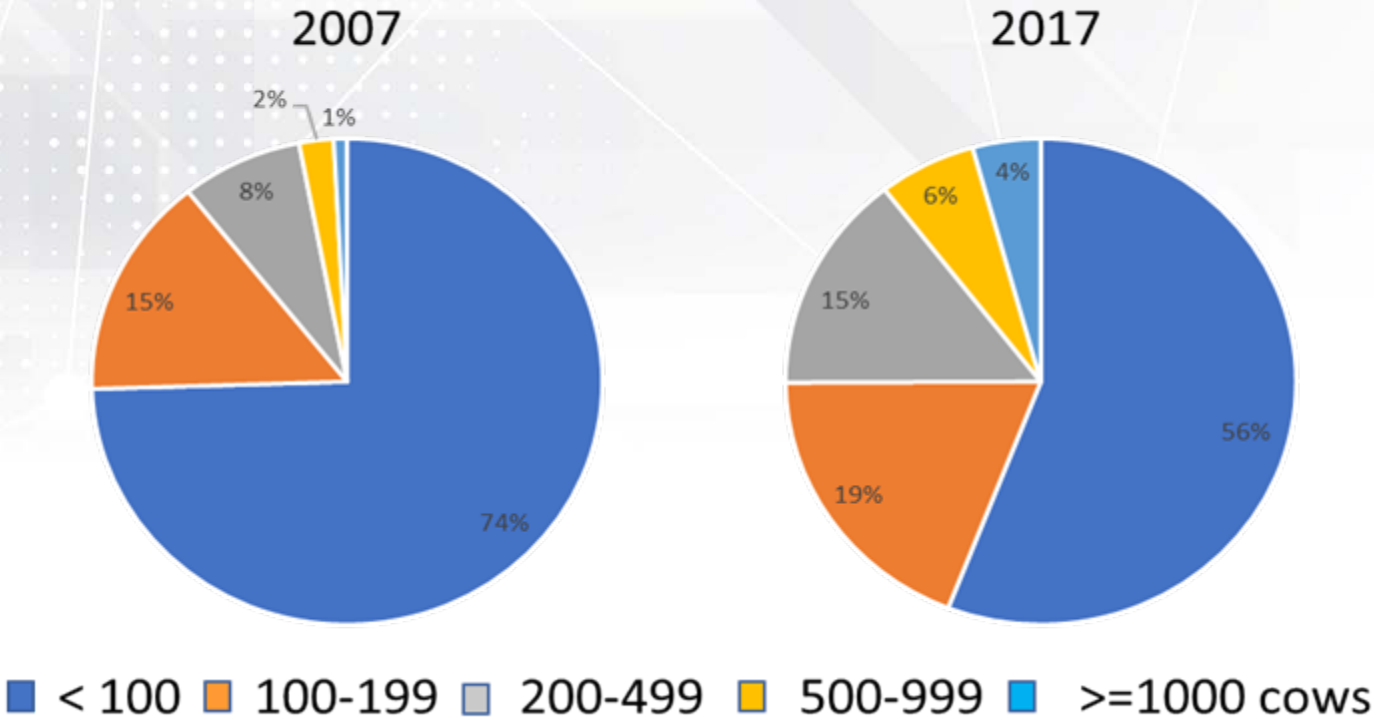
US Herd Demographics



Source: USDA-NASS

AgSource Herd Size Distribution

Herd Size Distribution Demographics



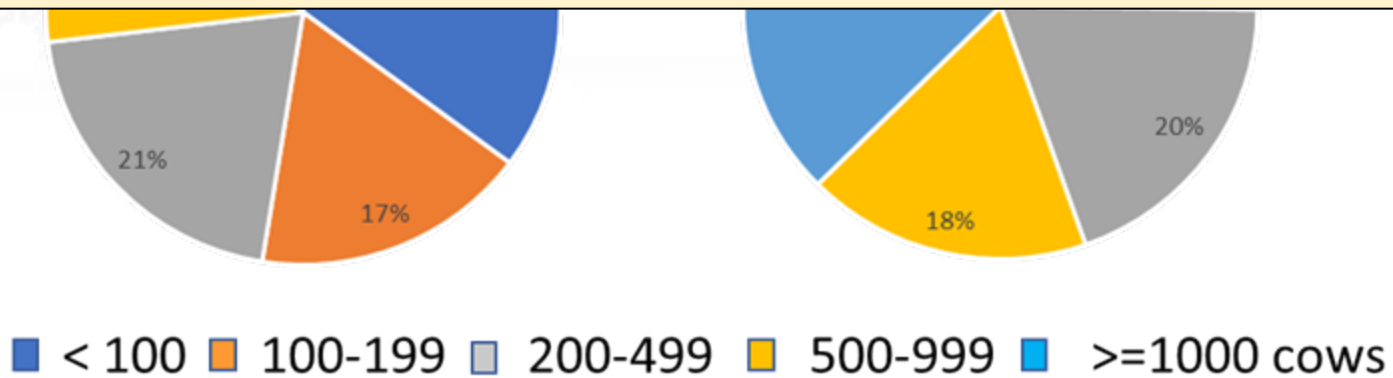
AgSource Cows Processed by Herd Size

Cows Processed by Herd Size

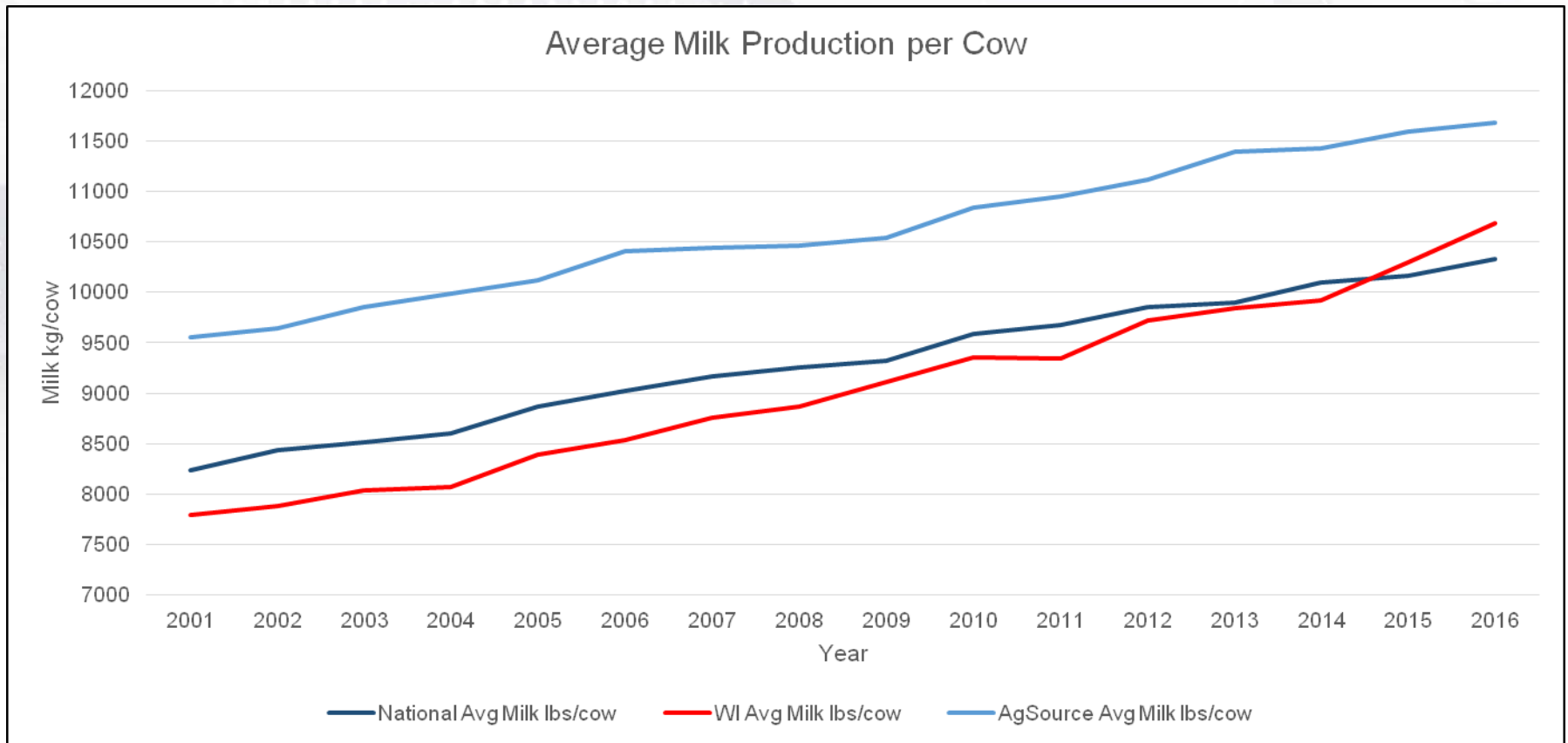
2007

2017

2007: 3% of herds represent 27% of cows processed
2017: 10% of herds represent 55% of cows processed



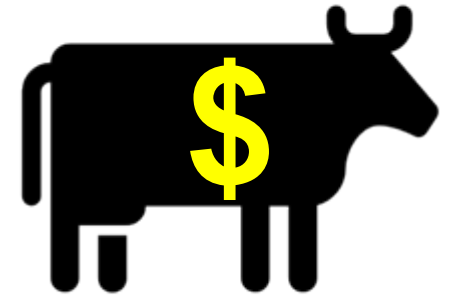
Annual Milk Production



Source: USDA-NASS and AgSource

How do we stay Relevant?

- New and improved laboratory diagnostics
- Incorporate new sources of data
- No longer about cow attention lists or herd summaries
- More comprehensive information management:
 - Connect financials with performance
 - Point out weaknesses and strengths
 - Look for opportunities
- Report on our successes



Key Performance Areas

- Annual snapshot
- Summaries based on:
 - Herd size, Herd Production Level and Breed
- Broken down by:
 - 80th Percentile, Average and 20th Percentile
- 18 Areas with 114 Individual measures

Udder Health KPA example

Herds producing over 13,608 kg of milk	80 th		20 th
Udder Health	Perc.	Average	Perc.
Weighted Avg SCC	124	178	227
Bulk Tank Weighted SCC	118	175	214
Udder Health Score	12	16.9	20
% Chronic Infections	6	8.8	11
% Infections that are Chronic	48	55.1	61
Udder Health Score	1.9	2.3	2.6
Udder Health Score	1.6	1.8	2.1
Udder Health Linear Score	2.1	2.5	2.8
% Heifers Infected at First Test	9	12.9	17
% Fresh Cows – New Infections	7	12.1	16
1 st Lact Weighted Avg SCC	79	111	136
2 nd & > Lact Weighted Avg SCC	154	226	286
% Dry Cows Cured	85	77.8	71
% Dry Period Failure to Cure	15	22.3	29

KPA's will change over time: 2012 values were 144, 195, and 244 respectively

How do we generate Profit Opportunities?

- Use KPA's as benchmarks
- Express differences between herd performance and benchmark as a \$ opportunity
- AgSource Profit Opportunity Analyzer
- Delivery:
 - Hand delivered
 - Review by Farm and AgSource staff
 - Further detail found through MyAgSource online or AgSource reports

The logo for MyAgSource, featuring the word "My" in a red script font, "Ag" in a blue sans-serif font, and "Source" in a blue sans-serif font with a green underline.The logo for AgSource, featuring the word "AgSource" in a white sans-serif font with a green swoosh above it, set against a blue background.

Example

Udder Health Management



Your Dairy's Udder Health Management Profit Opportunity

\$74,454

AgSource Benchmarks for Herds Over 30,000 RHA Milk (132 Herds)

	80th Percentile	Average	20th Percentile
Linear Score, First Lactation	1.6	1.8	2.1
Linear Score, 2nd Lactation	2.1	2.5	2.8
Weighted Average Somatic Cell Count	124	178	227

Udder Health
KPA's

Over The Past Year...

Linear score (1st Lactation)

Linear score (2nd Lactation And Greater)

Weighted Average SCC (000s)

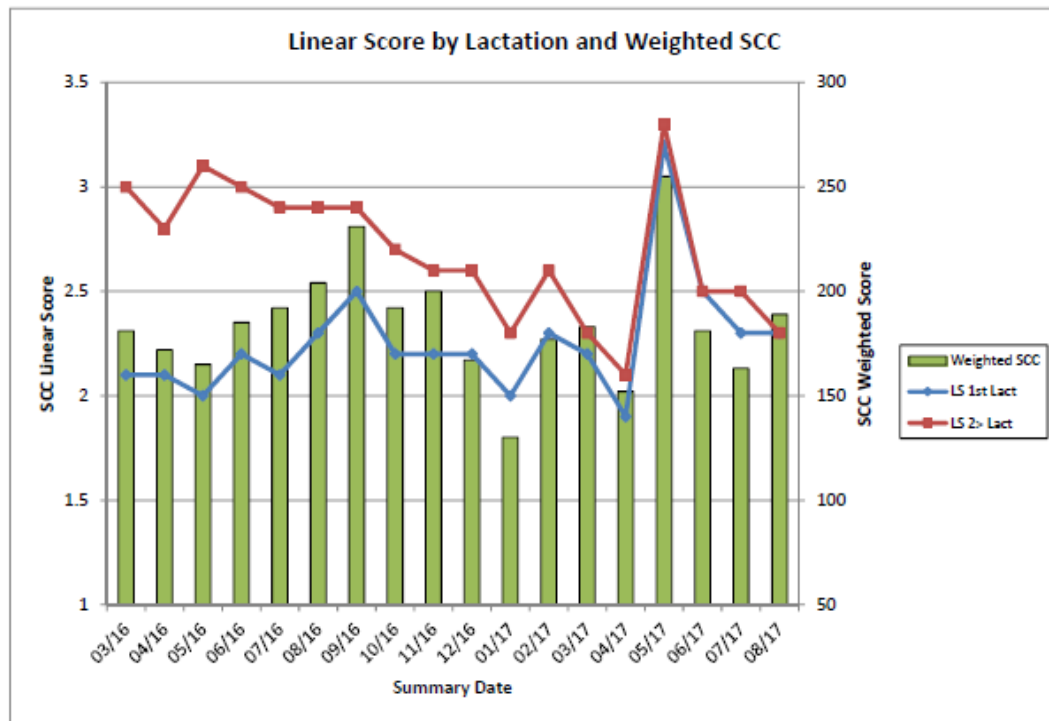
Estimated RHA Milk Increase (lbs) If 80th Percentile

Linear Score Performance

Your Herd	Profit Opportunity
2.3	\$6,480
2.6	\$18,249
186	\$49,725
263	

Profit
Opportunities

Your Dairy's Trend...

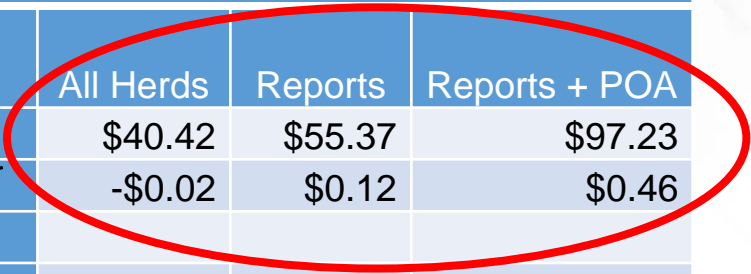


Return on Investment

Do producers that utilize more of the AgSource informational tools see greater returns?

Yes they do! The "super" users see twice the improvements compared to the average user

Annualized Overall Revenue increase based on production and SCC			
	All Herds	Reports	Reports + POA
Production Improvement	\$40.42	\$55.37	\$97.23
	-\$0.02	\$0.12	\$0.46
Annualized Improvement by Management Area			
	\$92.08	\$106.75	\$222.17
	\$3.04	\$7.28	\$10.49
Pregnancy Rate	\$4.17	\$6.07	\$13.10
Days Open	\$4.59	\$4.67	\$10.16
	\$5.17	\$6.33	\$29.17
Period	\$3.33	\$3.10	\$7.36
Genetics			
Cow	\$41.67	\$49.00	\$53.67
Service Sire	\$73.67	\$85.67	\$85.33



Conclusions

- Future:
 - Further consolidation and larger herds
 - Adoption of new technologies such as animal monitoring systems and robotics
 - Evolution of the traditional milk recording organizations
- Our Solution:
 - Commitment to collecting, validating and analyzing data to create innovative decision-making tools.
 - Respect the value and contribution of collaborative effort to strengthen research and development required for continuous improvement.
 - Focus on integrated products and services that enable members and customers to reach their goals.